

**REQUIREMENTS FOR OBTAINING CERTIFICATE OF RELEASE OF BUYER (FORM DE 2220)  
WHEN A BUSINESS IS SOLD****TO: BUYERS, SELLERS AND ESCROW HOLDERS****REASONS TO OBTAIN THE CERTIFICATE:**

Section 1733 of the California Unemployment Insurance Code (CUIC) asserts that any person or employing unit that fails to withhold money or other property or fails to pay the amount or value of the property withheld from the acquisition of an organization, trade or business, or substantially all the assets of an employer, shall be personally liable for the payment of State payroll taxes, interest and penalties owed or unpaid from the seller up to, but not exceeding, the amount of the purchase price, if certain requirements are not fulfilled.

The buyer of a business is required to withhold in trust money or other property sufficient in amount or value to cover the amount due or unpaid from the seller, until that seller provides a certificate from the Employment Development Department (EDD) stating that no contributions, interest, or penalties are due.

To avoid personal liability, the buyer should make sure that purchase funds are not distributed until the certificate is issued by EDD. Compliance with Section 3440, Code of Civil Procedure, regarding the publishing of a Notice of the Intended Sale of Business, will not relieve buyer of their obligation in this respect.

**The certificate will be valid only after the seller has filed all required reports and returns and paid all taxes due.** Penalty and interest may be charged if a final return is not filed and paid within ten (10) days of quitting business.

**HOW TO OBTAIN THE CERTIFICATE:**

**The seller or the seller's representative must mail or bring to the nearest Employment Tax Customer Service Office (ETCSO) the following:**

- Signed Semi-Weekly/Monthly/Quarterly Report of Contributions (DE 88 and/or DE 88ALL) for the current quarter with payment, plus copies of all DE 88 and/or DE 88ALL deposits remitted eight weeks prior to date of sale, and proof of payment(s) thereof. **Payment must be made by certified funds (i.e., cash, cashiers check, money order or a check from an escrow company.)**
- Signed Quarterly Wage Report (DE 6) or other EDD required forms for the current quarter.
- Signed Annual Reconciliation Statement (DE 7) for the current year.
- When the prior year DE 7 with accompanying documents have not been filed with the Department, they must be provided along with the payment of penalty, if applicable. (If filed, copies may be required.)
- Copy of escrow instructions from escrow agent.

**OTHER INFORMATION:**

For additional information, please contact the local Employment Tax Customer Service Office nearest you.

CITY	ADDRESS	PHONE	FAX
• DOWNEY	8280 FLORENCE AVENUE, 90240	(562) 923-1237	(562) 904-2843
• LAGUNA HILLS	23151 PLAZA POINT DRIVE #140, 92653	(949) 768-6102	(949) 855-5147
• SACRAMENTO	3321 POWER INN ROAD, STE. 220, 95826-6110	(916) 464-3502	(916) 464-3504
• SAN JOSE	904 RUFF DRIVE, 95110	(408) 277-9400	(408) 277-9453